CPP ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

First Banks, Inc.

Point of Contact:	Lisa K. Vansickle	RSSD: (For Bank Holding Companies)	1118797
UST Sequence Number:	446	Docket Number: (For Thrift Holding Companies)	Not Applicable
CPP/CDCI Funds Received:	295,400,000	FDIC Certificate Number: (For Depository Institutions)	12229
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	Not Applicable
Date Funded (first funding):	December 31, 2008	City:	St. Louis
Date Repaid[1]:	Not Applicable	State:	Missouri

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X **Increase lending or reduce lending less than otherwise would have occurred.**

First Banks, Inc. received $295.4 million of CPP funds on December 31, 2008 and invested a total of $280.0 million of these funds into its wholly-owned subsidiary bank, First Bank. Since the receipt of the CPP funds on December 31, 2008, First Bank has increased certain of its lending activities through the utilization of a portion of the CPP funds, primarily within the 1-4 family residential real estate loan portfolio originated for sale into the secondary loan markets and the home equity loan portfolio. The majority of these lending activities have occurred throughout the mortgage interest rate cycles that have taken place throughout these periods in which both new and existing borrowers took advantage of the lower mortgage interest rate environment and either refinanced or purchased residential

X **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The CPP funds have provided First Bank the opportunity to continue to be an active 1-4 family residential mortgage lender by providing First Bank with the supplemental capital necessary to support the balance fluctuations of loans held for sale on its balance sheet since the receipt of the CPP funds on December 31, 2008. During the years ended December 31, 2009 and 2010, First Bank originated and closed $541.4 million and $398.9 million, respectively, of 1-4 family residential mortgage loans. In addition, First Bank sold $522.6 million and $376.2 million of 1-4 family residential mortgage loans into the secondary market during the years ended December 31, 2009 and 2010, respectively. First Bank continues to seek opportunities to increase and further diversify its lending activities within each of the markets in which it conducts business. However, overall economic conditions and a generally reduced level of demand for loans have negatively

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X **Increase securities purchased (ABS, MBS, etc.).**

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☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

X **Reduce borrowings.**

First Bank reduced its secured borrowings in 2010 by $735.7 million primarily as a result of its strengthened liquidity position that had been successfully built in 2009 and 2010 in anticipation of the expected completion of certain transactions associated with its Capital Plan. During 2010, First Bank repaid $600.0 million of Federal Home Loan Bank advances and a $120.0 million term repurchase agreement. Consequently, First Bank's secured borrowings were reduced to $31.8 million at December 31, 2010 (consisting solely of customer daily repurchase agreements) from $767.5 million at December 31, 2009 (consisting of customer daily repurchase agreements, a term repurchase agreement and borrowings from the Federal Home Loan Bank of Des Moines). In addition, First Bank's borrowing capacity under its established borrowing relationship with the Federal Home Loan Bank of Des Moines increased to $475.1 million at December 31, 2010 from $353.1 million at December 31, 2009. First Bank requests advances and/or repays advances from the Federal Home Loan Bank of Des Moines based on its current and future projected liquidity needs.

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☐ **Increase charge-offs.**

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The capital infusion of CPP funds by the U.S. Treasury in the amount of $295.4 million, as well as the capital infusion of $125.0 million by the voting shareholders in 2008, has assisted First Bank in maintaining its "well capitalized" status with regard to its regulatory capital ratios under the regulatory framework for Prompt Corrective Action provisions of the FDIC Improvement Act, which represents a critical element of First Bank's operating environment. By maintaining its "well capitalized" status, First Bank has been allowed the opportunity to have sufficient time to adopt and implement critical elements of its Capital Optimization Plan, or Capital Plan, as further described below, which was developed and designed to improve the Company's regulatory capital ratios and financial performance through certain divestiture activities, asset reductions and expense reductions.As disclosed in First Banks, Inc.'s Annual Report on Form 10-K as of and for the fiscal year ended December 31, 2010, the Company has been working since the beginning of 2008 to strengthen its regulatory capital ratios and improve its financial performance. First Banks, Inc. experienced operating losses in 2008, 2009 and 2010 that were significantly driven by substantial asset quality deterioration primarily resulting from the global economic recession as well as significantly reduced real estate values in most of the markets in which First Bank currently operates and/or previously operated, including California, Florida, Illinois, Missouri and Texas. As a result, First Banks, Inc. announced the adoption of its Capital Plan in August 2009. The Capital Plan was adopted in order to, among other things, preserve the Company's risk-based capital. As a result of the capital infusion of the CPP funds, First Bank was able to remain "well capitalized" and therefore, was able to avoid exiting certain loan products, such as home equity and 1-4 family residential mortgage loans. Furthermore, First Bank was able to avoid divesting of certain branch offices and/or business segments at sales prices that would have been substantially lower than the sales prices that First Bank has been able to generate subsequent to the capital infusion of CPP funds.In addition to the Capital Plan, the Company also developed several other plans, including a Profit Improvement Plan, a Liquidity Plan and an Asset Quality Improvement Plan. These plans were developed and designed to assist with the implementation of various business strategies developed to achieve earnings, growth and asset quality targets by (a) expanding the deposit base; (b) improving the net interest margin; (c) increasing noninterest income; (d) further diversifying the loan portfolio; (e) substantially improving asset quality; (f) controlling noninterest expenses; and (g) closely monitoring and managing the Company's overall liquidity position.Through management's successful implementation of various elements of the Company's Capital Plan in 2009 and 2010, First Bank improved its regulatory capital position by approximately $496.5 million and increased its liquidity position by approximately $1.15 billion. First Bank's regulatory capital ratios have continued to improve subsequent to the receipt of the CPP funds. A summary of First Bank's regulatory capital ratios as of December 31, 2008, 2009 and 2010, and as of March 31, 2011, is as follows: December 31, 2008 (1): Total Capital Ratio = 11.01% Tier 1 Ratio (to risk-weighted assets) = 9.75% Tier 1 Ratio (to average assets) = 8.85%___________________(1) First Bank's regulatory capital ratios as of December 31, 2008 presented above reflect the investment of $200.0 million of CPP funds on December 31, 2008. Excluding this investment, First Bank's Total Capital Ratio, Tier 1 Ratio (to risk-weighted assets) and Tier 1 Ratio (to average assets) would have been 8.90%, 7.64% and 6.94%, respectively.December 31, 2009: Total Capital Ratio = 10.39% Tier 1 Ratio (to risk-weighted assets) = 9.11% Tier 1 Ratio (to average assets) = 6.56%December 31, 2010: Total Capital Ratio = 12.95% Tier 1 Ratio (to risk-weighted assets) = 11.66% Tier 1 Ratio (to average assets) = 7.68%March 31, 2011: Total Capital Ratio = 13.78% Tier 1 Ratio (to risk-weighted assets) = 12.49% Tier 1 Ratio (to average assets) = 7.89% Consequently, the CPP funds, along with the investment from the voting shareholders, have allowed First Banks, Inc. the opportunity to continue to successfully implement various elements of its Capital Plan, thereby contributing to its overall ability to continue to improve its financial performance and proceed through the significant and lengthy credit cycle that has contributed to substantial loan losses resulting from a number of borrower's inability and/or unwillingness to service their debt obligations to First Bank. The CPP funds have also allowed First Bank the opportunity to continue to lend in certain loan portfolio segments, primarily the 1-4 family residential mortgage and home equity segments, further contributing to First Bank's ability to meet the financial needs of its customers.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As described above, the CPP funds, along with the investment from the voting shareholders, have allowed First Banks, Inc. the opportunity to continue to successfully implement various elements of its previously announced Capital Plan, thereby contributing to its overall ability to continue to improve its financial performance and proceed through the significant and lengthy credit cycle that has contributed to substantial loan losses resulting from a number of borrower's inability and/or unwillingness to service their debt obligations to First Bank. Without the CPP funds, First Bank may not have had sufficient time to successfully complete various elements of its Capital Plan, including certain divestiture activities, asset reductions and expense reductions.The CPP funds have also allowed First Bank the opportunity to continue to lend in certain loan portfolio segments, primarily the 1-4 family residential mortgage and home equity segments, further contributing to First Bank's ability to meet the financial needs of its customers. Additionally, as part of its Asset Quality Improvement Plan initiatives, First Bank has been highly focused on reducing its overall concentration in real estate lending, primarily within its 1-4 family residential real estate construction and development loan portfolio. Consequently, the CPP funds have also provided First Bank with a number of opportunities to aggressively exit certain loan relationships in this loan portfolio segment in an effort to mitigate potential future losses in certain geographical sectors. In this regard, First Bank reduced its real estate construction and land development loan portfolio from $1.57 billion at December 31, 2008 (representing 18.4% of its loan portfolio) to $490.8 million at December 31, 2010 (representing 11.1% of its loan portfolio) and to $439.4 million at March 31, 2011 (representing 10.8% of its loan portfolio).As previously noted, First Bank is in a position and is actively seeking to increase its loan portfolio, specifically its Commercial and Industrial portfolio, as a result of its improved liquidity and regulatory capital positions (as further described in more detail in other sections of this survey). In addition, First Bank has continued to actively renew existing commercial and consumer loans at maturity based on terms and conditions deemed appropriate for the respective borrowing relationships.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Please refer to the responses included throughout the remainder of this survey.